

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 EA-07 CIAE-00 COME-00 DODE-00

DOT-00 FMC-01 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06

OES-06 INRE-00 SSO-00 TRSE-00 OMB-01 FRB-03 L-03 IO-13

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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 1649

INFO AMEMBASSY JAKARTA IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

C O N F I D E N T I A L TOKYO 12425

E.O. 11652: GDS

TAGS: ENRG, EFIN, ID, JA, US

SUBJECT: INDONESIA-JAPAN LNG TRANSPORTATION

1. ACCORDING TO BENSON, WIJARSO DESCRIBED THE ATMOSPHERE OF TODAY'S MEETING BETWEEN PERTAMINA AND THE JAPANESE AS "COMPLETELY DIFFERENT" FROM THAT WHICH PREVAILED AT THE NEW YORK MEETINGS. BENSON DID NOT PERSONALLY ATTEND TODAY'S MEETINGS, BUT SAID WIJARSO TOLD HIM THAT THE JAPANESE APPEARED TO BE SIMPLY GOING THROUGH THE MOTIONS OF PRESENTING THEIR PREVIOUSLY ARTICULATED POSITIONS. WIJARSO FEELS THAT AGREEMENT IS NOW POSSIBLE. FOR EXAMPLE, THE JAPANESE CONCEDED FOR THE FIRST TIME THAT A GAZ-TRANSCO VESSEL COULD BE RELATIVELY EASILY MODIFIED TO MATCH JAPANESE PORT FACILITIES AND IMPLIED THAT IT WOULD BE AN ACCEPTABLE SUBSTITUTE VESSEL.

2. NEITHER FREIGHT RATES NOR PROGRESS ON THE CONSTRUCTION OF THE CRYOGENIC SPHERES WAS DISCUSSED TODAY. BENSON SAID THAT AT TOMORROW'S MEETINGS PERTAMINA WILL TRY TO DEMONSTRATE IN DETAIL THAT THE GOTAAS-LARSEN AND BURMAH TANKERS RATE STRUCTURES ARE COMPARABLE. SIMILARLY A PROGRESS REPORT ON THE SPHERE CONSTRUCTION WILL BE PRESENTED. BENSON STRONGLY URGES THAT MARAD TELEGRAPH AN UPDATED REPORT ON THE INSPECTION PROGRESS TO EMBASSY TOKYO
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IN TIME FOR TOMORROW'S MEETING SCHEDULED FOR 11 A.M. TOKYO

TIME.

3. AFTER TODAY'S MEETING ENDED, ITOH ASKED TO SEE WIJARSO PRIVATELY AND, ACCORDING TO BENSON, STATED THAT THE "MAJOR HURDLE" FOR THE JAPANESE WAS THE TITLE XI FINANCIAL CONDITION. BENSON SAID ITOH URGED WIJARSO TO DO EVERYTHING HE COULD TO GET BURMAH TO DROP THIS CONDITION. WIJARSO REPORTEDLY REPLIED THAT MARAD FINANCING HAD BEEN A PART OF THE ORIGINAL AGREEMENT AND THAT HE COULD NOT UNDERSTAND WHY THE JAPANESE WERE NOW CONCERNED ABOUT IT. BENSON SAID THAT HE TOO COULD NOT UNDERSTAND WHY THE JAPANESE WERE INSISTING ON THIS POINT, UNLESS THE JAPANESE REGARD GENERAL DYNAMIC'S WILLINGNESS TO FOREGO MARAD FINANCING GUARANTEES AS A INDICATION OF GENERAL DYNAMIC'S CONFIDENCE IN ITS ABILITY TO BUILD THE SHIPS. WHATEVER MAY BE BEHIND THE JAPANESE REQUEST, BENSON SAID THAT BOTH HE AND WIJARSO FIND IT SIGNIFICANT AND ENCOURAGING THAT ITOH DID NOT SURFACE THE ISSUE IN THE MAIN MEETING TODAY BUT RATHER WAITED TO TALK IT OVER PRIVATELY WITH WIJARSO. SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LPG, MARINE TRANSPORTATION
Control Number: n/a
Copy: SINGLE
Draft Date: 17 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TOKYO12425
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760315-0545
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760845/aaaabmpg.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by BoyleJA>; APPROVED <08 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDONESIA-JAPAN LNG TRANSPORTATION
TAGS: ENRG, EFIN, ID, JA, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006